

The Links between Poverty and Disability

VOLUME 4 ISSUE 6

NOVEMBER 2006



A COMMON MISSION. A WEALTH OF POSSIBILITIES.

Report Focus

Summary Findings from Income Inadequacy Problems Among the Adult Population with Disabilities in Massachusetts, 2003–2004

Introduction

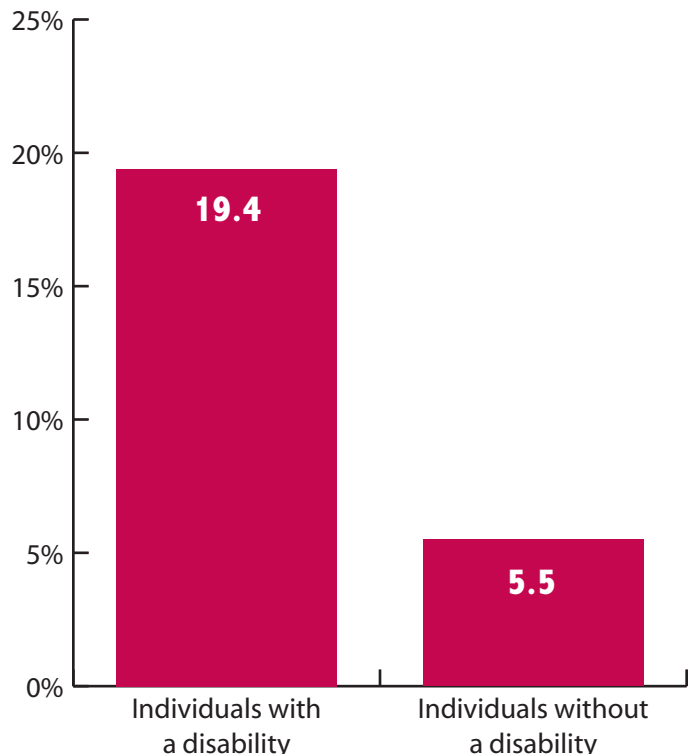
The planning and design of vocational rehabilitation, workforce development and support service programs for people with disabilities in Massachusetts require timely and statistically reliable information on their demographic and socioeconomic characteristics, the nature of their disabilities, their geographic locations across the state, their income, their labor market behaviors and the barriers they face in the labor market.

The focus of this report was on estimating the incidence of various types of income inadequacy problems among people with disabilities in the Commonwealth, including poverty, near poverty, and low income. Estimates of the poor population are based on the official poverty definitions of the federal government. The near poor are those with incomes between 100% and 125% of the poverty income thresholds, and the low income are those with incomes below 200% of the poverty line. The bulk of the data underlying the analyses are based upon the findings of the 2003 and 2004 American Community Surveys. This research was undertaken with support from the Massachusetts Rehabilitation Commission.

Poverty Rates Among Persons with Disabilities

Poverty rates in recent years among adults with disabilities in Massachusetts were considerably higher than those of their counterparts without disabilities. Nearly 20% of all

Chart 1: Poverty Rates of 16–74 Year Olds in Massachusetts by Disability Status, 2003–2004 Averages (In %)



Report Released: August 2006

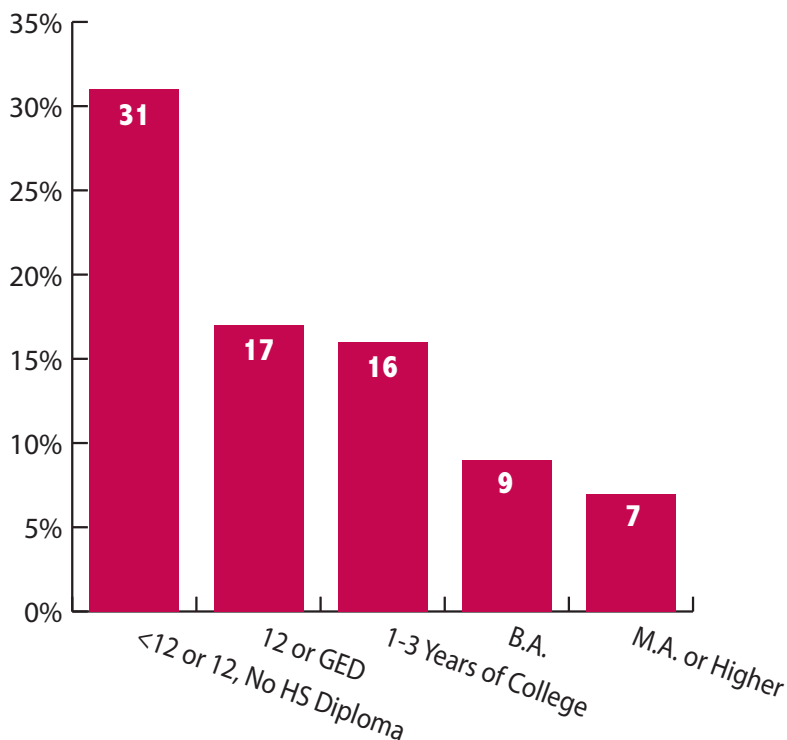
Authors: Andrew Sum, Ishwar Khatiwada, Sheila Palma (Center for Labor Market Studies, Northeastern University)

16–74 year olds with disabilities in Massachusetts were poor, compared with only 5% of those without disabilities¹, a relative difference of four times. (See Chart 1) People with disabilities in Massachusetts were more likely to be poor than persons with disabilities in other states. Massachusetts ranked 24th highest on the overall poverty rate among all states, but ranked 6th lowest on the poverty rate for persons without disabilities.

The poverty rates for people with disabilities in Massachusetts and the U.S. varied widely by gender, race-ethnicity, age, and education. In Massachusetts, women with disabilities (24%) were nearly two times more likely than men (14%) to be poor. Among members of different racial-ethnic groups, poverty rates among people with disabilities ranged from lows among “other” (8%) groups and “mixed race” (10%) groups, to highs among blacks (36%) and Hispanics (46%). It is somewhat puzzling that Hispanics who reported disabilities in Massachusetts and the New England region, experienced a poverty rate that was nearly two times higher than that of Hispanics with disabilities nationwide.

Among persons with disabilities, education levels were strongly associated with poverty rates. (See Chart 2) The

Chart 2: The Incidence of Poverty Among 16-74 Year Old Persons with Disabilities in Massachusetts by Educational Attainment, 2003–2004 Averages (In Percent)



1. The poverty status of a family or unrelated individual is based on their combined, pre-tax money income in the 12-month period prior to the ACS survey.

poverty rate among people with disabilities was highest among those who lacked a high school diploma and lowest among those holding a B.A. or higher degree. Thirty-one percent of adults with disabilities in Massachusetts who did not have a high school diploma were poor, compared with only 9% of those with a Bachelor’s degree and 7% of those with a Master’s or higher degree. Foreign-born residents with disabilities were much more likely to be poor than their native-born counterparts with disabilities (29% vs. 17%). These findings for Massachusetts were consistent with those for the New England region and the country as a whole.

The accelerated graying of the Massachusetts population over the coming decade will sharply increase the size of both the older poor and near poor population with disabilities in the state.

Poverty/Near Poverty Status

When the income adequacy threshold for people with disabilities is raised to 125% of the poverty line, 25% of all persons in Massachusetts with disabilities were classified as poor/near poor in 2003–2004. Persons with disabilities (26%) in Massachusetts were nearly twice as likely as people without disabilities (14%) to be poor/near poor. Massachusetts’ ranking for the proportion of people with disabilities among all states on this income inadequacy measure was 26th highest, right in the middle of the distribution.

During 2003–2004 in Massachusetts, 30% of women with disabilities were poor/near poor versus only 20% of men with disabilities. Among racial-ethnic groups, blacks (46%) and Hispanics (54%) faced the highest incidence of poverty/near poverty. Among age sub-groups, the poverty/near poverty rate was highest for 25–34 year olds and lowest for 65–74 year olds. Persons with disabilities without a high school diploma had the highest poverty/near poverty rate (39%) while those with a Master’s or higher degree were least likely to be in this income group (9%).

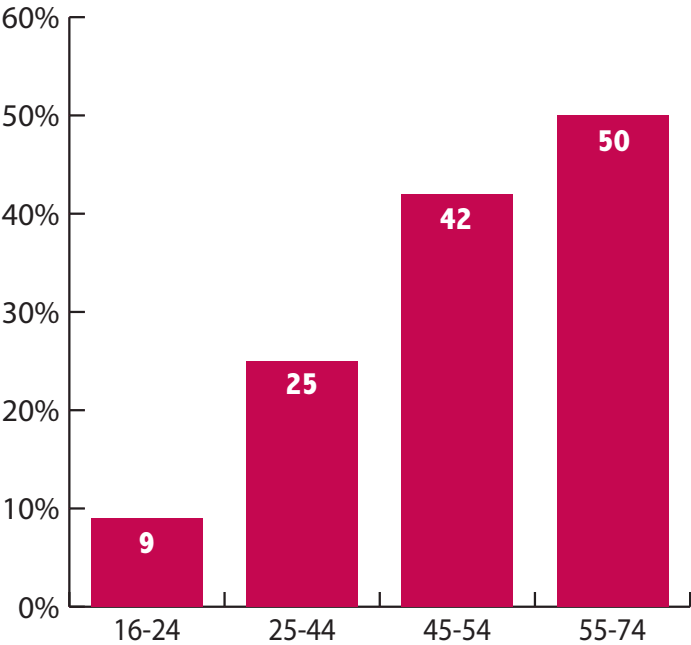
Overlaps Between Poverty and Disability Status

Poverty and disability have been found to be highly inter-related worldwide. Some reasons for this association are that disability can lead to limited employ-

ability and low earnings, resulting in poverty. In turn, poverty can lead to poor health, poor nutrition, greater exposure to unhealthy living and working conditions—all of which might lead to or perpetuate a disabling condition. To further explore the overlap between disability and poverty/near poverty in Massachusetts and the U.S., we also identified how many poor/near poor adults reported disabilities in 2004.

There is a fairly high degree of overlap between the poor/near poor and populations with disabilities in Massachusetts. Of all poor/near poor 16–74 year old adults in the state in 2004, nearly 30% reported some type of disability. This share was several percentage points higher than that for the nation as a whole (26%). The overlap between the poor/near poor and the population with disabilities in Massachusetts varied significantly by age group. Only 9% of the state’s 16–24 year old poor/near poor population had a disability, while nearly one-half of the oldest group (55+ years) reported a disability. (See Chart 3) The accelerated graying of the Massachusetts population over the coming decade will sharply increase the size of both the older poor and near poor population with disabilities in the state. Given the high degree of overlap between the poor and people with disabilities among the state’s 55–74 year old population, future anti-poverty policies will have to be better coordinated with disability policies to be effective.

Chart 3: Percent of the 16–74 Year Old Poor/Near Poor Population of Massachusetts that Reported Disability by Age Group, 2004



Low Income Status of Persons with Disabilities

When the income adequacy threshold is raised to 200% of the poverty line, income inadequacy rates among both persons with and without disabilities in Massachusetts become more acute. Thirty-eight percent of 16–74 year old adults with disabilities in Massachusetts were low-income during 2003–2004 compared with only 15% of the 16–74 year old adults without disabilities. Thus, those with disabilities were 2.5 times as likely as those without disabilities to be members of low-income households.

Adults with a disability who lacked a high school diploma were four times more likely to be poor than adults with disabilities who had a four year or higher college degree.

As was the case for our two previous measures of income inadequacy, women with disabilities in Massachusetts were more likely to be low-income than men, although the relative size of the gap was more narrow (45% vs. 33%). Among the major race-ethnic groups, the incidence of low-income status varied widely. Three out of 10 whites with disabilities were low-income, compared with 4 out 10 Asians, 6 of 10 blacks and 7 of 10 Hispanics. Among age sub-groups, the incidence of low-income problems was lowest among very young adults (20–24 years old), rose sharply among 25–34 year olds, but then declined steadily with age among the 35–74 year olds’ with disabilities.

Predictors of Poverty Status

In the population with disabilities in the state, gender, race-ethnicity, age, years of formal schooling, family living arrangements, type of disability and nativity were strong predictors of poverty. Women with disabilities, all other things being equal, were 7 percentage points more likely to be poor than men. Blacks and Hispanics with disabilities were more likely to be poor (by 18 and 12 percentage points, respectively) than their white, non-Hispanic peers. Adults with a disability who lacked a high school diploma were four times more likely to be poor than adults with disabilities who had a four year or higher college degree. Persons who have a disability and are living on their own were 18 percentage points more likely to be poor than their peers who lived with their families. The type of disability reported also influenced the probability of poverty among people with disabilities. Those with a work related disability were 7 percent-

age points more likely to be poor than the base group (those experiencing difficulty going out). Persons with difficulty remembering were 8 percentage points more likely than persons in the base group to be poor.

Poverty and Work Experience

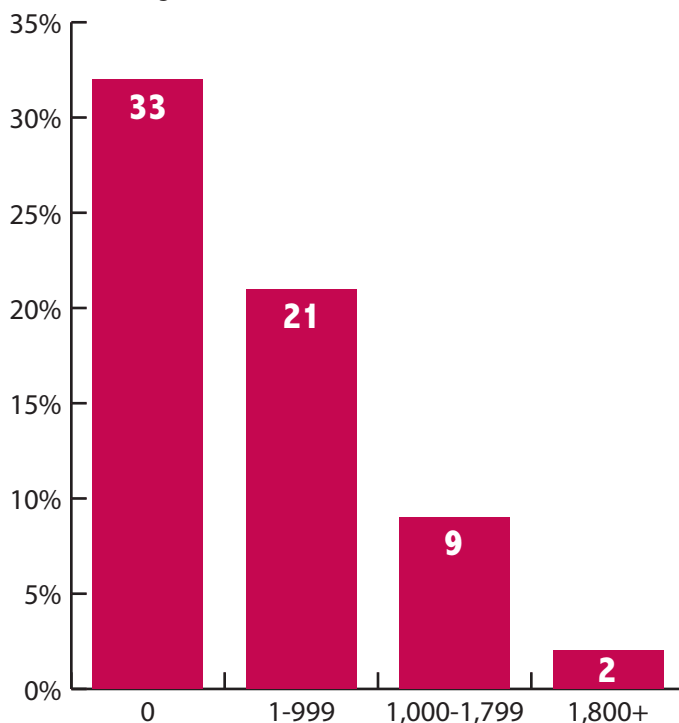
The employment behavior of persons with disabilities in Massachusetts was strongly linked to their income inadequacy status. Adults under age 65 who had disabilities and worked in the prior year, especially those employed for 1000 or more hours, were considerably less likely to experience poverty and near poverty. In Massachusetts, 32% of the adults with disabilities who did not work in the 12-months prior to the survey were poor compared with only 21% of those who worked under 1,000 hours. If work hours were between 1,000 and 1,800, the poverty rate among the non-elderly population who had disabilities in Massachusetts was only 9% and for those who worked full-time, year-round (1,800 or more hours), the poverty rate was only 2%. (See Chart 4) Multivariate statistical analysis of the probability of an individual with a disability being poor/near poor in 2004 revealed that employment status had very strong independent mitigating effects on poverty. Similar results were found for the nation, but moderate employment tended to have a more powerful anti-poverty impact in our state.

The Fiscal Impacts of Employing People with Disabilities

There are a variety of gains in real output, employment, and income and an array of social and fiscal benefits can be produced by increasing the employability and labor supply effort of people who have a disability. There are a number of fiscal benefits for federal and state governments that can be generated by increasing, statewide, the pool of employed adults with disabilities who have a job. The average adult with a disability in Massachusetts who did not work at all during calendar year 2003 or 2004 received approximately

\$22,000 more annually in cash and in-kind transfer payments than they paid in federal and state income taxes, Social Security payroll taxes, or federal retirement contributions. In contrast, the average employed adult with a disability in Massachusetts paid nearly as much in federal and state taxes as they received in cash and in-kind transfers from government. Those who worked full-time, year-round produced an even more favorable net tax advantage. Thus, there are substantial fiscal benefits that can be produced for state and federal taxpayers by increasing the employability and earnings of the population with disabilities in Massachusetts.

Chart 4: The Incidence of Poverty Among 16–64 Year Old Persons with Disabilities in Massachusetts by Annual Hours Worked During 2002–2003 (In %)



This is the third of a series of three briefs on people with disabilities in Massachusetts.

*Commonwealth Corporation Research and Evaluation Briefs
are produced by Commonwealth Corporation
529 Main Street, Suite 110, Boston, MA 02129
617-727-8158*

*Contact Navjeet Singh at nsingh@commcorp.org
or visit our web site for additional
workforce development findings at
www.commcorp.org/researchandevaluation*